



SENTINEL GHANA FIXED INCOME TRUST

2023 ANNUAL REPORT

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TRUST INFORMATION

BOARD OF DIRECTORS OF THE FUND MANAGER

John Gadzi
Elikem Kuenyehia
Gary Lewis
Leslie Nelson
Kisseih Antonio

FUND MANAGER

Sentinel Asset Management Limited
1st Floor, One Airport Square, Airport City
Accra
Tel: +233 548 102 438
Email: info@sentinelaml.com

ADMINISTRATOR

Petra Fund Services Limited
113 Airport West, Dzorwulu
P.O. Box CT 3194
Cantonments, Accra
Tel: +233 302 740963
Email: info@petraonline.com

TRUSTEE

Guaranty Trust Bank (Ghana) Ltd.
25A Castle Road
Ambassadorial Area
Ridge
Tel: +233 302 611 560
Email: gh.trustee@gtbank.com

AUDITOR

John Kay and Co
7th Floor, Trust Towers
Farrar Avenue
P. O. Box 16088
Airport – Accra
Tel : +233 302 235 406
Email: info@johnkay.net

SOLICITOR

The Company Secretary
Sentinel Asset Management Limited,
1st Floor, One Airport Square,
Airport City, Accra
Tel: +233 548 102 438
Email: info@sentinelaml.com

BANKERS

Guaranty Trust Bank (Ghana) Ltd.
25A Castle Road
Ambassadorial Area
Ridge
Tel: +233 302 611 560
Email: gh.trustee@gtbank.com

NOTICE OF MEETING

Notice is hereby given that the 1st Annual General Meeting (“AGM”) of the Unit Holders of the Sentinel Ghana Fixed Income Trust (SGFIT) will be held virtually via zoom at 10:00am on Thursday 12th September, 2024 to transact the following business:

AGENDA

- To receive the Report of the Fund Manager for the Year ended 31 December 2023.
- To consider and adopt the Annual Report and the Audited Financial Statements of the Sentinel Ghana Fixed Income Trust for the financial year ended 31 December 2023, together with the Trustee’s Report and Auditor’s Report

ORDINARY RESOLUTIONS

- That the Annual Report and the Audited Financial Statements of the Sentinel Ghana Fixed Income Trust for the financial year ended 31 December 2023, together with the Trustee’s Report and Auditor’s Report be received and adopted.

NOTE

Online Participation

Attendance and participation by all unit holders and/or their proxies at the Annual General Meeting of the Sentinel Ghana Fixed Income Trust shall be strictly virtual or by electronic means (online participation).

TO REGISTER FOR THE AGM

The registration link shall be forwarded to the email addresses and contact numbers of Unit Holders to enable all Unit Holders to participate in the AGM to register accordingly. The link can also be accessed on the fund manager’s website (www.sentinelaml.com). Unit Holders shall be required to provide relevant information to complete the registration process. After registering, Unit Holders will receive a confirmation email containing information about joining the AGM.

Dated this 5th day of August, 2024
Company Secretary
By Order of the Manager

PROXY

A unit holder who is entitled to attend and vote may appoint a proxy to attend and vote on his/her behalf. A proxy need not be a unit holder. A completed proxy form shall be sent to the address of the fund manager as stated below, or via email to (info@sentinelaml.com) not later than 48 hours before the appointed time of the meeting. A proxy form is provided in the Annual Report of the Fund and the same is also available on the Fund Manager’s website (www.sentinelaml.com).

All relevant documents in connection with the meeting are available to Unit Holders from the date of this Notice on the Company’s website (www.sentinelaml.com) and at the Company’s registered office: 1st Floor, One Airport Square, Airport City, Accra.

SENTINEL GHANA FIXED INCOME TRUST
2023 Annual Report



REPORT OF THE
TRUSTEE

REPORT OF THE TRUSTEE

Guaranty Trust Bank (Ghana) Ltd.
CS406022014

25A, Castle Road,
Ambassadorial Area, Ridge,
PMB CT 416, Cantonments,
Accra, Ghana.
Tel: (+233 302) 611 560, 680 662, 680 746, 676
474 (+233 302) 923 914, 966 755, 611 560
Fax: (+233 302) 662 727/664 533
Toll Free: 0800124000



In our independent opinion as Trustee, the Manager has, in all material respects, managed the Fund during the period, in accordance with the Unit Trust and Mutual Funds Regulations, 2001, (L.I 1695) and the limitations imposed on the investment and borrowing powers set out in the Trust Deed.

For the year ended 31st December 2023, we have held the assets for the Sentinel Ghana Fixed Income Trust, including securities and income that accrue thereof, to the order of the Fund and facilitated the transfer, exchange or delivery in accordance with the instructions received from the Fund manager.

Yours faithfully,
For: Guaranty Trust Bank (Ghana) Limited



Authorized Signatory



Authorized Signatory

SENTINEL GHANA FIXED INCOME TRUST
2023 Annual Report



FUND MANAGER'S
REPORT

FUND MANAGERS REPORT

For The Year Ended 31 December 2023

ECONOMIC ENVIRONMENT IN 2023

In 2023, Ghana's economy grew by 2.9%, below the 3.8% growth rate recorded in 2022 but higher than the 2.3% projected by the International Monetary Fund (IMF). This slowdown was largely due to a downturn in the industrial sector, particularly in the extractive sector, which faced challenges in the post-pandemic recovery. Despite these setbacks, the agriculture sector experienced growth, spurred by favorable weather conditions and rising commodity prices, while the service sector benefited from advancements in information technology. The government's debt restructuring and fiscal consolidation policies also impacted economic growth.

Inflation which reached a peak of 54.1% in December 2022, saw a downward trend during the year under review. Although there were temporary spikes in June and July due to food price pressures and higher utility tariffs, inflation settled at 24.2% at the end of the year, better than the Bank of Ghana's target of 25%. This disinflation is attributed to the impact of the inflation base effect, lower ex-pump prices for fuel, and a tightening monetary stance. During the year, the Monetary Policy Committee (MPC) of the Bank of Ghana raised the Monetary Policy Rate (MPR) by 50 basis points and implemented other monetary tightening measures to control inflation and manage Ghanaian Cedi (GHS) liquidity.

The GHS was under pressure during the year despite inflows from the IMF and other multilateral creditors, due to delays in Ghana's debt restructuring efforts and low foreign exchange reserves. As a result, the GHS depreciated by 27.8% against the US dollar in 2023.

THE FIXED INCOME MARKET IN 2023

In 2023, the performance of the Ghanaian fixed-income market was notably impacted by the Domestic Debt Exchange Programme (DDEP). The Government of Ghana (GoG) successfully concluded four domestic debt restructuring programs, affecting a variety of financial instruments including GoG notes, bonds, as well as pseudo government bonds issued by E.S.L.A. PLC and Daakye Trust PLC to resolve the energy sector and Getfund's educational infrastructure debts respectively. Cocoa bills and domestic dollar-denominated bonds were also restructured. These securities, held by a wide range of stakeholders such as individuals, institutions, banks, and pension funds, were exchanged for bonds with lower coupon rates and extended maturity periods. Treasury bills were not included in these restructuring efforts.

The immediate effect of the DDEP was a slowdown in the market as a result of low investor confidence and challenges with determining the fair

FUND MANAGERS REPORT

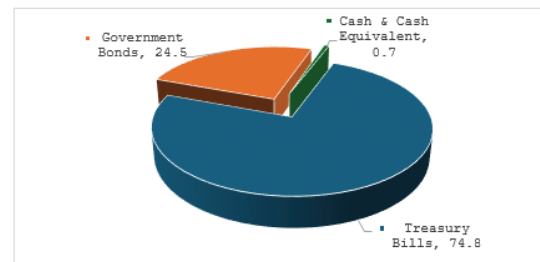
For The Year Ended 31 December 2023

value of the new bonds. These challenges caused a shift towards short-term T-Bills, which significantly offered higher returns. The market began to stabilize in the second half of the year when the government made its first coupon payment on the new bonds, restoring some market confidence. As inflationary pressures eased, trading activities picked up, but interest remained high in short-term securities. Consequently, the secondary market saw an increase in Repo transactions.

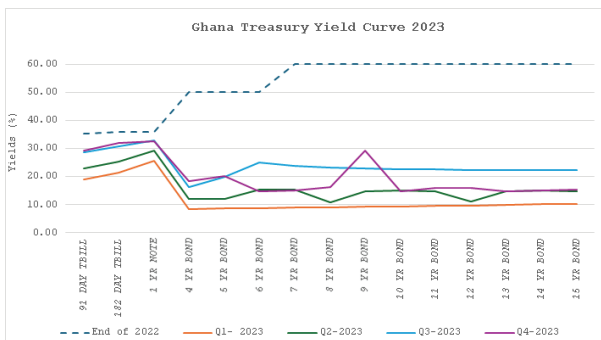
The corporate bond market saw limited activity with Bayport Ghana and Izwe Savings and Loans issuing short-term (2-3 year) floating and fixed-rate bonds.

aiming to preserve capital. The Trust will provide investors the chance and access to diversify their income stream and investment portfolios while providing for long-term capital appreciation.

As at the end of 2023, the portfolio consisted of approximately 75% in Treasury Bills and 25% in GoG bonds.



Portfolio allocation as at 31 Dec 2023



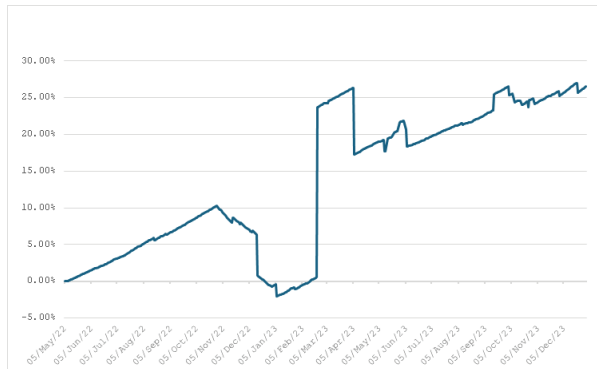
PORTFOLIO STRUCTURE

The Sentinel Ghana Fixed Income Trust (“Trust” or “SGFIT”) invests wholly in fixed-income securities issued in Ghana. The Trust seeks to provide investors with current income on a steady basis while

PORTFOLIO REVIEW AND PERFORMANCE

In response to elevated market volatility, the Trust implemented a defensive strategy in late 2022 by reducing its holdings in GoG bonds and shortening its investment duration. This approach prioritized capital preservation over maximizing returns. As a result, only a quarter of the Trust’s portfolio was affected by the DDEP, primarily due to the inclusion of ESLA securities.

The Trust returned 27.5% on a mark-to-market basis for 2023, compared to a loss of 0.76% in 2022.



SGFIT Price Returns (Inception – 31 Dec 2023)

ASSETS UNDER MANAGEMENT

The Net Asset Value of the Trust grew by 24% from GHS 3,820,488 to GHS 4,673,334. As at the end of 2023, the Trust had a total of 14 total unitholders.

OUTLOOK AND STRATEGY 2024

We foresee inflation remaining above the Bank of Ghana’s 2024 target of 15%±2% due to the impact of geopolitical tensions on crude oil prices, volatility of the GHS, and election-related expenditure. Yields on fixed-income securities are expected to decline as the government strategically reduces its borrowing costs on benchmark securities. The GHS is likely to remain under pressure from demand by traders and corporate entities. However, the finalization of debt restructuring and inflows from cocoa exports and multilateral creditors should help shore up reserves. With 2024 being an election year, market uncertainties remain. Therefore, we will maintain a defensive strategy in 2024 by going long duration on the money market curve and cautiously seeking opportunities in corporate bonds to diversify the Trust and mitigate reinvestment risk.

SENTINEL GHANA FIXED INCOME TRUST
2023 Annual Report



INDEPENDENT

AUDITOR'S REPORT



John Kay & co.

7th Floor, Trust Towers
Farrar Avenue, Adabraka
P. O. Box KIA 16088
AirportTel: +233 (0) 302 235 406
+233 (0) 302 238 370
Fax: +233 (0) 302 238 371
E-mail: info@johnkay.net

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF SENTINEL GHANA FIXED INCOME TRUST

OPINION

We have audited the accompanying financial statements of Sentinel Ghana Fixed Income Trust, which comprise the statement of financial position as at 31 December 2023, statement of assets and liabilities, statement of movement in net assets, capital account and the income and distribution account, for the year ended and notes to the financial statements, which include a summary of significant accounting policies and other explanatory notes, as set out on pages 12-23.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of Sentinel Ghana Fixed Income Trust as at 31 December 2023, the trust's financial performance and its movement in net assets for the year ended in accordance with International Financial Reporting Standards (IFRS) and in the manner required by the Securities Industry Act, 2016 (Act 929) and Unit Trust and Mutual Funds Regulations, 2001 (L.I 1695).

BASIS FOR OPINION

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the

Auditor's Responsibilities for the Audit of the Financial Statement section of our report. We are independent of the trust in accordance with the International Code of Ethics for Professional Accountants (including International Independence Standards) (the Code) issued by the International Ethics Standards Board for Accountants (IESBA) and have fulfilled our other ethical responsibilities in accordance with the code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

EMPHASIS OF MATTER

We draw attention to note 11 of the financial statements, which describes unrealized valuation gains on the fund's investments. Our opinion is not modified with respect to this matter.

KEY AUDIT MATTERS

In accordance with ISAs, this part of our report is intended to describe the matters communicated with those charged with governance that we have determined, in our professional judgement, were most significant in the audit of the financial statements.



John Kay & co.

7th Floor, Trust Towers
Farrar Avenue, Adabraka
P. O. Box KIA 16088
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+233 (0) 302 238 370
Fax: +233 (0) 302 238 371
E-mail: info@johnkay.net

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF SENTINEL GHANA FIXED INCOME TRUST

We have determined that, there are no matters to report under key audit matters.

RESPONSIBILITIES OF THE FUND MANAGER FOR THE FINANCIAL STATEMENTS

The Fund Manager is responsible for the preparation of the financial statements that give a true and fair view in accordance with International Financial Reporting Standards (IFRS) and the requirements of the Securities Industry Act, 2016 (Act 929) and the Unit Trust and Mutual Funds Regulations, 2001 (L.I 1695) and for such internal control as the fund manager determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error. The fund manager is also responsible for overseeing the trust's financial reporting process.

In preparing the financial statements, the fund manager is responsible for assessing the trust's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the fund manager either intends to liquidate the trust or to cease operations or has no realistic alternative but to do so.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

Our objective is to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and



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AirportTel: +233 (0) 302 235 406
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INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF SENTINEL GHANA FIXED INCOME TRUST

obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the trust's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the fund manager.
- Conclude on the appropriateness of the fund manager's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the trust's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention

in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the trust to cease to continue as a going concern.

- Evaluate the overall presentation, structure, and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieve fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

OTHER INFORMATION

The fund manager is responsible for the other information. The other information comprises the information included in the annual report but does



John Kay & co.

7th Floor, Trust Towers
Farrar Avenue, Adabraka
P. O. Box KIA 16088
Airport

Tel: +233 (0) 302 235 406
+233 (0) 302 238 370
Fax: +233 (0) 302 238 371
E-mail: info@johnkay.net

INDEPENDENT AUDITOR’S REPORT
TO THE MEMBERS OF SENTINEL GHANA FIXED INCOME TRUST

not include the financial statements and our auditor’s report thereon. Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon. In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements, or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

appears from our examination of those books.

The engagement partner on the audit resulting in this independent auditor’s report is Gilbert Adjetey Lomofio (ICAG/P/1417)



For and on behalf of John Kay & Co.
(ICAG/F/2024/128)
Chartered Accountants
Accra
.....2024

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

Compliance with the requirements of Section 137 of the Companies Act, 2019 (Act 992) of Ghana.

We have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purpose of our audit.

In our opinion, proper books of accounts have been kept by the trust so far as it



SENTINEL GHANA FIXED INCOME TRUST
2023 Annual Report



FINANCIAL STATEMENTS

STATEMENT OF ASSETS AND LIABILITIES AS AT 31 DECEMBER 2023

ASSETS	MARKET VALUE 2023 GHc	PERCENTAGE OF NET ASSETS 2023 %	MARKET VALUE 2022 GHc	PERCENTAGE OF NET ASSETS 2023 %
Government Bonds	1,285,773	27.8%	2,338,112	61.6%
Local Government Securities		0.0%	729,253	19.2%
Treasury Bills	3,367,882	73%	316,942	8%
Cash	19,679	0.4%	436,181	11.5%
TOTAL ASSETS	4,673,33	101.10%	3,820,488	100.7%
LIABILITIES				
Total Liabilities	(48,808)	(1.10)%	(25,075)	(0.7)%
NET ASSETS	4,624,526	100	3,795,413	100%

STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2023

ASSETS	NOTE	2023 Ghc	2022 Ghc
Financial Assets at FVTOCI	8	4,653,655	3,384,307
Cash and Cash Equivalent	9	19,679	436,181
Total Assets		<u>4,673,334</u>	<u>3,820,488</u>
 LIABILITIES			
Management Fees		5,860	4,663
Trustee Fee		586	466
Administrator Fee		2,167	1,803
Audit Fees		25,000	12,000
Other Payables	10	15,195	6,143
Total Liabilities		<u>48,808</u>	<u>25,075</u>
 Net Assets		 4,624,526	 3,795,413
 REPRESENTED BY			
Accumulated Net Investment Income		1,395,497	397,217
Capital Account		3,685,787	3,874,483
Investment Revaluation Reserve		(456,758)	(476,287)
Total Members' Fund		4,624,526	3,795,413

The notes on pages 20-34 form an integral part of these financial statements. The financial statements on pages 15 -19 were approved by Sentinel Asset Management Limited on 28th March 2024 and were signed on its behalf by:



.....
Name : John Gadzi
Director Director



.....
Name: Kisseih Antonio
Director Director

INCOME AND DISTRIBUTION ACCOUNT FOR THE YEAR ENDED 31 DECEMBER 2023

INVESTMENT INCOME	NOTES	2023 Ghc	2022 Ghc
Interest Income	12	333,186	464,479
Other Income	11	796,088	-
Total Investment Income		<u>1,129,274</u>	<u>464,479</u>
EXPENSES			
Management Fee		67,854	35,241
Trustee Fees		6,785	3,668
Administrator Fee		24,814	13,122
Audit Fee		25,000	12,000
Other Expenses	13	6,541	3,231
Total Expenses		<u>130,994</u>	<u>67,262</u>
 Net Investment Income		 998,280	 397,217
OTHER COMPREHENSIVE INCOME			
Unrealised gain/(loss) on Investments		(456,758)	(476,287)
Total Other Comprehensive Income		(456,758)	(476,287)
 Total Comprehensive Income		 541,522	 (79,070)
ACCUMULATED NET INVESTMENT INCOME			
		2023 Ghc	2022 Ghc
Balance at the beginning		397,217	-
Net Investment Income		998,280	397,217
Balance at 31 December		<u>1,395,497</u>	<u>397,217</u>

STATEMENT OF MOVEMENTS IN NET ASSETS

FOR THE YEAR ENDED 31 DECEMBER 2023

	2023	2022
	Ghc	Ghc
Net Investment Income	998,280	397,217
Valuation gain/(loss) on Investments	(456,758)	(476,287)
Reclassification adjustment	476,287	-
Decrease in Net Assets from Operations	1,017,809	(79,070)
Value of Units Sold	3,898	5,531,800
Value of Units Disinvested	(192,594)	(1,657,317)
Increase in Net Assets from Capital Transactions	(188,696)	3,874,483
Total Increase in Net Assets	<u>829,113</u>	<u>3,795,413</u>
Analysis of Changes in Net Assets During the Year		
At 1 January	3,795,413	-
Increase in Net Assets During the year	829,113	3,795,413
Net Assets as at 31 December	<u>4,624,526</u>	<u>3,795,413</u>

STATEMENT OF MOVEMENTS IN ISSUED UNITS

	2023	2022
	Ghc	Ghc
Number of Units at 1 January	383,684	-
Number of Units Issued during the year	330	538,963
Number of Units disinvested during the year	(15,348)	(155,279)
Number of Units at 31 December	<u>368,666</u>	<u>383,684</u>

CAPITAL ACCOUNT

CAPITAL ACCOUNT	2023 Units	2023 GH¢	2022 Units	2022 GH¢
Balance at 1st January	383,684	3,874,483	-	-
Value of Units Sold and Converted	330	3,898	538,963	5,531,800
		3,878,381	538,963	5,531,800
Value of Units Disinvested	(15,348)	(192,594)	(155,279)	(1,657,317)
Value at 31 December	368,666	3,685,787	383,684	3,874,483

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2023

1. REPORTING ENTITY

Sentinel Ghana Fixed Income Trust is a unit trust registered in Ghana. It is licensed by the Securities and Exchange Commission, Ghana, and authorized to operate as a Unit Trust, in line with the Unit Trust and Mutual Fund Regulation, 2001 (L.I. 1695) and the Securities Industry Act, 2016 (Act 929).

The Sentinel Ghana Fixed Income Trust is an open-ended unit trust that seeks to provide investors with current income on a steady basis while preserving capital. The trust seeks to outperform the Standard & Poor's Ghana Sovereign Bond Index. The trust shall wholly be invested in Ghanaian Fixed-Income Securities.

2. BASIS OF ACCOUNTING

(a) Statement of Compliance

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB).

(b) Basis of preparation

These financial statements have been prepared in accordance with the Unit Trust and Mutual Funds Regulations, 2001 (L.I. 1695) and comply with the International Financial Reporting Standards (IFRS)

(c) Functional and presentation currency

These financial statements are presented in Ghana Cedi, which is the trust's functional currency. All amounts have been stated in full.

(d) Use of estimates and judgement

In preparing these financial statements, the fund manager has made estimates and assumptions that affect the application of accounting policies and reported amounts of assets, liabilities, income, and expenses. Actual results may differ from these estimates.

(e) Comparatives

This account is for the first financial year of operating the trust and as such, there are no comparatives.

3. SIGNIFICANT ACCOUNTING POLICIES

The following principal accounting policies have been consistently applied during the year in the preparation of the trust's financial statements.

(a) Investment income recognition

Interest income, including interest income on financial assets at fair value through other comprehensive income

(FVTOCI), is recognized in the income and distribution account using the effective interest method. The effective interest is the rate that exactly discount the estimated future cash payments or receipts, without consideration of future credit losses, over the expected life of the financial instrument or through to the next market-based re-pricing date to the net carrying amount of the financial instrument on initial recognition. Interest received or receivable are recognized in the income and distribution account as interest income.

(b) Financial instruments

Financial assets and financial liabilities are recognized in the trust's statement of financial position when the trust becomes a party to the contractual provisions of the instrument. Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognized immediately in profit or loss.

(i) Financial assets

All regular way purchases or sales of financial assets are recognized and derecognized on a settlement date basis. Regular way purchases or sales are

purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

All recognized financial assets are measured subsequently in their entirety at either amortized cost or fair value, depending on the classification of the financial assets.

Classification of Financial Assets

- Debt instruments that meet the following conditions are measured subsequently at amortized cost:
- the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.
- Debt instruments that meet the following conditions are measured subsequently at fair value through other comprehensive income (FVTOCI):
- the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling the financial assets; and

- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

By default, all other financial assets are measured subsequently at fair value through profit or loss (FVTPL). Despite the foregoing, the trust may make the following irrevocable election/designation at initial recognition of a financial asset:

- the trust may irrevocably elect to present subsequent changes in the fair value of an equity investment in other comprehensive income if certain criteria are met; and
- the trust may irrevocably designate a debt investment that meets the amortized cost or FVTOCI criteria as measured at FVTPL if doing so eliminates or significantly reduces an accounting mismatch.

a. Amortised cost and effective interest method

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period. For financial assets other than purchased or originated credit-impaired financial assets (i.e. assets that are credit-impaired on initial recognition), the effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts)

excluding expected credit losses, through the expected life of the debt instrument, or, where appropriate, a shorter period, to the gross carrying amount of the debt instrument on initial recognition. For purchased or originated credit impaired financial assets, a credit-adjusted effective interest rate is calculated by discounting the estimated future cash flows, including expected credit losses, to the amortised cost of the debt instrument on initial recognition.

The amortised cost of a financial asset is the amount at which the financial asset is measured at initial recognition minus the principal repayments, plus the cumulative amortisation using the effective interest method of any difference between that initial amount and the maturity amount, adjusted for any loss allowance. The gross carrying amount of a financial asset is the amortised cost of a financial asset before adjusting for any loss allowance.

Interest income is recognised using the effective interest method for debt instruments measured subsequently at amortised cost and at FVTOCI. For financial assets other than purchased or originated credit-impaired financial assets, interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset, except for financial assets that have subsequently become credit-impaired. For financial assets that have subsequently become credit-impaired, interest income is recognised by applying

the effective interest rate to the amortised cost of the financial asset. If, in subsequent reporting periods, the credit risk on the credit-impaired financial instrument improves so that the financial asset is no longer credit impaired, interest income is recognised by applying the effective interest rate to the gross carrying amount of the financial asset.

For purchased or originated credit-impaired financial assets, the trust recognises interest income by applying the credit-adjusted effective interest rate to the amortised cost of the financial asset from initial recognition. The calculation does not revert to the gross basis even if the credit risk of the financial asset subsequently improves so that the financial asset is no longer credit-impaired.

b. Debt instruments classified as FVTOCI

Government bonds, local government bonds and treasury bills held by the trust are classified as at FVTOCI in compliance with the directive by the Securities and Exchange Commission (SEC) for fund managers to use FVTOCI for valuation of portfolios of collective investment schemes. These assets are initially measured at fair value plus transaction costs. Changes in the carrying amount of these assets are recognised in other comprehensive income and accumulated under the heading of investment revaluation reserve. When these assets are derecognised, the cumulative gains or losses previously recognised in other comprehensive income and accumulated in investment revaluation reserve are reclassified to profit or loss.

Impairment of financial assets

The trust recognises a loss allowance for expected credit losses (ECL) on investments in debt instruments that are measured at amortised cost or at FVTOCI, lease receivables, trade receivables and contract assets, as well

as on financial guarantee contracts. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument.

The trust always recognises lifetime ECL for trade receivables, contract assets and lease receivables. The expected credit losses on these financial assets are estimated using a provision matrix based on the trust's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate.

For all other financial instruments, the trust recognises lifetime ECL when there has been a significant increase in credit risk since initial recognition. However, if the credit risk on the financial instrument has not increased significantly since initial recognition, the trust measures the loss allowance for that financial instrument at an amount equal to 12-month ECL.

Lifetime ECL represents the expected credit losses that will result from all possible default events over the expected life of a financial instrument. In contrast, 12-month ECL represents the portion of lifetime ECL that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date.

i. Significant increase in credit risk

In assessing whether the credit risk on a financial instrument has increased significantly since initial recognition, the trust compares the risk of a default occurring on the financial instrument at the reporting date with the risk of a default occurring on the financial instrument at the date of initial recognition. In making this assessment, the trust considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort. Forward-looking information considered includes the future prospects of the industries in which the trust's debtors operate, obtained from economic expert reports, financial analysts, governmental bodies, relevant think-tanks and other similar organisations, as well as consideration of various external sources of actual and forecast economic information that relate to the trust's core operations.

In particular, the following information is taken into account when assessing whether credit risk has increased significantly since initial recognition:

- an actual or expected significant deterioration in the financial instrument's external (if available) or internal credit rating;
- significant deterioration in external market indicators of credit risk for a particular financial instrument, e.g. a significant increase in the credit spread, the credit default swap prices for the debtor, or the length of time or the extent to which the fair value of a financial asset has been less than its amortised cost.
- existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant decrease in the debtor's ability to meet its debt obligations;
- an actual or expected significant deterioration in the operating results of the debtor;
- significant increases in credit risk on other financial instruments of the same debtor;
- an actual or expected significant adverse change in the regulatory, economic, or technological environment of the debtor that results in a significant decrease in the debtor's ability to meet its debt obligations.

Irrespective of the outcome of the above assessment, the trust presumes that the credit risk on a financial asset has increased significantly since initial

recognition when contractual payments are more than 30 days past due, unless the trust has reasonable and supportable information that demonstrates otherwise. Despite the foregoing, the trust assumes that the credit risk on a financial instrument has not increased significantly since initial recognition if the financial instrument is determined to have low credit risk at the reporting date. A financial instrument is determined to have low credit risk if:

1. The financial instrument has a low risk of default,
2. The debtor has a strong capacity to meet its contractual cash flow obligations in the near term, and
3. adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfil its contractual cash flow obligations.

ii. Definition of default

The trust considers the following as constituting an event of default for internal credit risk management purposes as historical experience indicates that financial assets that meet either of the following criteria are generally not recoverable:

- when there is a breach of financial covenants by the debtor; or
- information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the trust, in full (without taking into account any collateral held by the trust).

respective of the above analysis, the trust considers that default has occurred when a financial asset is more than 90 days past due unless the trust has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

iii. Credit-impaired financial assets

A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit-impaired includes observable data about the following events:

1. significant financial difficulty of the issuer or the borrower;
2. a breach of contract, such as a default or past due event;
3. the lender(s) of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise consider;
4. it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation; or the disappearance of an active market for that financial asset because of financial difficulties.

iv. Write-off policy

The trust writes off a financial asset when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery, e.g., when the debtor has been placed under liquidation or has entered into bankruptcy proceedings, or in the case of trade receivables, when the amounts are over two years past due, whichever occurs sooner. Financial assets written off may still be subject to enforcement activities under the trust's recovery procedures, taking into account legal advice where appropriate. Any recoveries made are recognised in profit or loss.

v. Measurement and recognition of expected credit losses

The measurement of expected credit losses is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data adjusted by forward-looking information as described above. As for the exposure at default, for financial assets, this is represented by the assets' gross carrying amount at the reporting date; for financial guarantee contracts, the exposure includes the amount drawn down as at the reporting date, together with any additional amounts expected to be drawn down in the future by default date determined based on historical

trend, the trust's understanding of the specific future financing needs of the debtors, and other relevant forward-looking information.

vi. Derecognition of financial assets

The trust derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the trust neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the trust recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the trust retains substantially all the risks and rewards of ownership of a transferred financial asset, the trust continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received. On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss. In addition, on derecognition of an investment in a debt instrument classified as at FVTOCI, the cumulative gain or loss previously accumulated in the investment's revaluation reserve is reclassified to profit or loss. In contrast, on derecognition of an investment in equity instruments which the trust has elected on initial recognition

to measure at FVTOCI, the cumulative gain or loss previously accumulated in the investment's revaluation reserve is not reclassified to profit or loss but is transferred to retained earnings.

(g) Cash and Cash equivalents

Cash and cash equivalents comprise deposits with banks and highly liquid financial assets with maturity of three months or less from the date of acquisition that are subject to an insignificant risk of changes in their value and are used by the trust in the management of short-term commitment, other than cash collateral provided in respect of derivatives and security borrowing transactions.

4. NEW AND AMENDED STANDARDS EFFECTIVE FOR THE CURRENT PERIOD

Amendments to IFRS 9, Financial Instruments

The amendment clarifies which fees to include in the '10%' test to determine whether a financial liability has been substantially modified (i.e. the derecognition analysis). A borrower includes only fees paid or received between itself and the lender, including fees paid or received by either the borrower or lender on the other's behalf.

5. NEW AND AMENDED STANDARDS NOT EFFECTIVE FOR THE CURRENT PERIOD

Disclosure of Accounting Policies (Amendments to IAS 1, Presentation of

Financial Statements, and IFRS Practice Statement 2, Making Materiality Judgements)

The amendment continues the IASB's clarifications on applying the concept of materiality. These amendments help companies provide useful accounting policy disclosures, and they include:

- requiring companies to disclose their material accounting policies instead of their significant accounting policies;
- clarifying that accounting policies related to immaterial transactions, other events or conditions are themselves immaterial and do not need to be disclosed; and
- clarifying that not all accounting policies that relate to material transactions, other events or conditions are themselves material.

The IASB also amended IFRS Practice Statement 2 to include guidance and examples on applying materiality to accounting policy disclosures. This is effective for periods beginning on or after 1 January 2024.

Definition of Accounting Estimates (Amendments to IAS 8, Accounting Policies, Changes in Accounting Estimates and Errors)

This amendment clarifies how companies distinguish changes in accounting policies from changes in accounting estimates, with a primary focus on the definition of and clarifications on accounting estimates. The distinction between

the two is important because changes in accounting policies are applied retrospectively, whereas changes in accounting estimates are applied prospectively. The amendments clarify that accounting estimates are monetary amounts in the financial statements subject to measurement uncertainty. The amendments also clarify the relationship between accounting policies and accounting estimates by specifying that a company develops an accounting estimate to achieve the objective set out by an accounting policy. This is effective for periods beginning on or after 1 January 2024.

6. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the trust's accounting policies, which are described in note 3, the fund manager is required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

7. KEY CONTRACTORS

a. Fund Managers

Sentinel Asset Management Limited, an investment management company incorporated in Ghana and duly licensed by the Security and Exchange Commission of Ghana is the fund manager of the unit trust. It has the responsibility of implementing the investment strategy and objectives as stated in the Unit Trusts' Investment Management Policy Manual. According to trust deed, the fund managers receive a management fee at an annual rate not exceeding 2% per annum of the net asset value attributable to members of the unit trust. The management fees incurred during the year amounted to GH¢ 67,854. Included in the payables as at 31 December 2023 are fund management fees payable of GH¢5,860.

b. Trustee

The trustee of the unit trust is Guaranty Trust Bank (Ghana) Limited, a bank incorporated in Ghana and duly licensed by the Security and Exchange Commission of Ghana as a unit trust fund trustee. According to the trust deed agreement, the trustee receives a trusteeship fee at an annual rate of 0.15% per annum of the net asset value attributable to members of the unit trust. The total trustee fees charged during the year amounted to GH¢ 6,785. Included in the payables are trustee fee of GH¢ 586.

c. Fund Administrator

The administrator of the unit trust is Petra Fund Services Limited, a company incorporated under the laws of the republic of Ghana. According to the trust deed, the administrator receives an administrative fee at an annual rate of 0.45% per annum of the net asset value attributable to members. The total

administrator fees charged during the year amounted to GH¢ 24,814. Included in the payables are administrator fee of GH¢ 2,167.

8. FINANCIAL ASSETS AT FVTOCI

	2023 Ghc	2022 Ghc
Government bonds	4,653,655	2,655,054
Local Government Bonds	-	729,253
	<u>4,653,655</u>	<u>3,384,307</u>

9. CASH AND CASH EQUIVALENTS

	2023 Ghc	2022 Ghc
Cash and bank balances	19,679	436,181
	<u>19,679</u>	<u>436,181</u>

10. OTHER PAYABLES

	2023 Ghc	2022 Ghc
Due to broker	204	81
Withholding tax	9,516	3,434
VAT on audit fees	5,475	2,628
	<u>15,195</u>	<u>6,143</u>

11. OTHER INCOME

	2023 Ghc	2022 Ghc
Realised gain on Treasury bills	457,081	-
Realised gain on Debt Exchange	815,295	-
Reclassification adjustment	(476,287)	-
	<u>796,088</u>	<u>-</u>

Reclassification adjustments are realised gains or losses on Bonds that were reclassified to profit or loss in the current period. In previous periods, the unrealised gains or loss on these financial assets were recognised in other comprehensive income.

12. INTEREST INCOME

	2023	2022
	Ghc	Ghc
Government Bonds and Notes	195,716	338,920
Local Government Bonds	32,970	124,911
Call Interest	116	648
Fixed Deposit	104,384	-
	<u>333,186</u>	<u>464,479</u>

13. OTHER EXPENSES

	2023	2022
	Ghc	Ghc
Transaction cost	1,066	603
VAT on audit fees	5,475	2,628
	<u>6,541</u>	<u>3,231</u>

14. TAXATION

The income of an approved unit trust scheme or mutual fund is exempt from tax under the Income Tax Act, 2015 (Act 896) as amended.

with a perceived higher risk of default by dealing only with counterparties that meet the standards set out in the SEC guidelines and the trust's investment policy statement.

15. FINANCIAL RISK MANAGEMENT

(a). Asset/Portfolio/Credit risk

Credit risk is the risk that counterparties (i.e., financial institutions and companies) in which the scheme's assets are invested will fail to discharge their obligations or commitments to the trust, resulting in a financial loss to the trust.

The trust's policy over credit risk is to minimize its exposure to counterparties

(b). Liquidity risk

Liquidity risk is the risk that the trust either does not have sufficient financial resources available to meet all its obligations and commitments as they fall due. The trust's approach to managing liquidity is to ensure that it will maintain adequate liquidity in the form of cash and very liquid instruments to meet its liabilities (including benefits) when due.

The following are contractual maturities of financial assets:
31 December 2023

Financial Assets	Up to 1 Month (GH¢)	1-12 Months (GH¢)	1-5 Years (GH¢)	Over 5 Years (GH¢)	Total
Government Bonds	-	3,367,882	1,285,773	-	4,653,655
LGSA Bonds	-	-	-	-	-

The following are contractual maturities of financial Liabilities:
31 December 2023

Financial Assets	Up to 1 Month (GH¢)	1-12 Months (GH¢)	1-5 Years (GH¢)	Over 5 Years (GH¢)	Total
Administrative Expenses Payable	-	48,808	-	-	48,808

(c) Market Risk

The trust takes on exposure to market risks, which is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risks arise from open positions in interest rate, currency and equity products, all of which are exposed to general and specific market movements and changes in the level of volatility of market rates or prices such as interest rates, foreign exchange rates and equity prices. Trading portfolios include those positions arising from market-making transactions where the trust acts as principal with clients or with the market.

(a) Foreign exchange risk

The trust had no foreign currency-denominated assets and liabilities at year-end. All assets and liabilities at the balance sheet date were denominated in Ghana Cedis.

(f) Interest Rate Risk

Interest risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The investment managers advise the trustees on the appropriate balance of the portfolio between fixed-rate interest, and variable-rate interest investments. The scheme uses duration targeting as a means of mitigating the effects of the

risk. The target duration is regularly reviewed by the trustees.

(g) Operational risk

Operational risk is the risk of direct or indirect loss arising from a wide variety of causes associated with the trust's processes, personnel, technology, and infrastructure, and from external factors other than credit, market, and liquidity risks such as those arising from legal and regulatory requirements. Operational risks arise from all the trust's operations and are faced by all collective investment schemes.

The trust's objective is to manage operational risk to balance the avoidance of financial losses and damage to the trust's reputation with overall cost-effectiveness and to avoid control procedures that restrict initiative and creativity.

The primary responsibility for the development and implementation of controls to address operational risk is assigned to the fund manager. This responsibility is supported by the development of the following policies and standards;

- governing rules and trust deed;
- investment policy statement;
- requirements for the reporting of non-compliance with regulatory and other legal requirements;

training and professional development; ethical and business standards; risk mitigation, including insurance where this is effective.

16. CONTINGENT LIABILITIES

There was no contingent liability at the end of the year.

17. RELATED PARTY TRANSACTIONS

There were no related party transactions during the year.

18. EVENTS AFTER REPORTING PERIOD

Events subsequent to the balance sheet date are reflected in the financial statements only to the extent that they relate to the year under consideration and the effect is material. As at the end of the reporting period, there were no events after the reporting period that relate to the year under consideration.

PROXY FORM

I/WE.....Of.....
 being a member of SENTINEL GHANA FIXED INCOME TRUST
 (“SGFIT”) hereby appoint..... of as my/our
 proxy to attend on my/our behalf, the 1st Annual General Meeting of the Trust, to be
 held via ZOOM on Thursday 12th September at 10:00am and at any adjournment
 thereof, for the following purposes and to vote on my/our behalf on matters as
 directed below:

1. That the Annual Report and the Audited Financial Statements of the Sentinel Ghana Fixed Income Trust for the financial year ended 31 December 2023, together with the Trustee’s Report and Auditor’s Report be received and adopted.

Unitholder’s Signature Date2024

Unless otherwise instructed, the proxy will vote for, against or abstain from voting at his/her discretion. (Do not complete this form if you will attend the meeting)

NOTES

1. A proxy need not be a Unitholder of SGFIT.
2. Unless otherwise instructed, the proxy will vote as he sees fit.
3. To be valid, this form must be signed and sent via email to info@sentinelaml.com not less than forty-eight (48) hours before the commencement of the meeting.
4. In the case of joint holders, the signature of only one of the joint holders is required.
5. In the case of a body corporate, the form must be under seal or under the hand of a duly authorized officer.
6. The completion of and return of a proxy form does not prevent a Unitholder from attending the meeting and voting thereat.